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**United States Patent** [19]

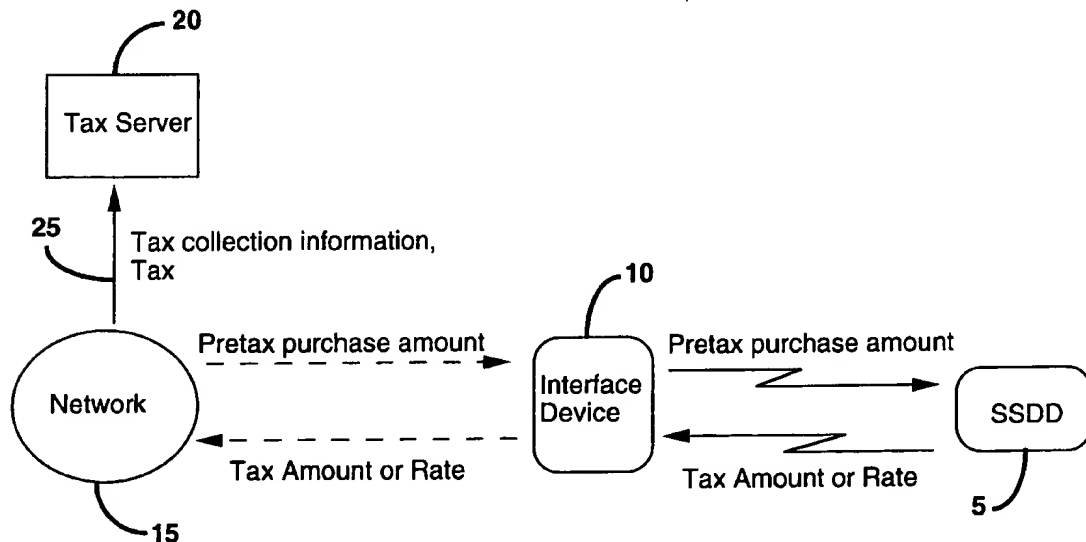
Davis et al.

[11] **Patent Number:** 6,078,898[45] **Date of Patent:** Jun. 20, 2000[54] **SYSTEM AND METHOD OF  
TRANSACTIONAL TAXATION USING  
SECURE STORED DATA DEVICES**[75] Inventors: **Robert R. Davis; Jane B. Walton,**  
both of Austin, Tex.[73] Assignee: **Schlumberger Technologies, Inc., Del.**[21] Appl. No.: **09/040,677**[22] Filed: **Mar. 18, 1998****Related U.S. Application Data**

[60] Provisional application No. 60/041,270, Mar. 20, 1997.

[51] Int. Cl.<sup>7</sup> ..... **G06F 19/00; G06F 17/60;**  
G06F 15/02[52] U.S. Cl. .... **705/19; 705/26; 705/27;**  
705/40; 705/42; 705/31[58] Field of Search ..... **705/35, 40, 30,**  
705/4, 36, 37, 31, 39, 26, 27, 19, 42; 735/380,  
487, 492; 380/23, 24[56] **References Cited****U.S. PATENT DOCUMENTS**4,575,621 3/1986 Dreifus .  
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08180262 7/1996 Japan .*Primary Examiner*—Tod R. Swann*Assistant Examiner*—Pedro R. Kanof*Attorney, Agent, or Firm*—Danita J. M. Maseles; Pehr B.  
Jansson[57] **ABSTRACT**

A system for transactional taxation includes a secure stored data device, such as a smart card, having means for storing purchaser-specific data, an interface device for communicating with the secure stored data device and means for determining a tax rate on a purchase using the purchaser-specific data.

**47 Claims, 8 Drawing Sheets**

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TITLE: System and method of transactional taxation using secure  
stored data devices

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Brief Summary Text - BSTX (5):

Transactionaltaxes are increasingly favored for three reasons. First they are a step in departure away from the "honor plus audit" system used for income taxes. While transactionaltaxes can still be under-reported and underpaid, the system as a whole is perceived as "less leaky," since taxes are collected and remitted by a smaller number of entities, and these entities have more to lose by subverting the system. Second, the transactional system as a whole is perceived as simpler and more manageable because it is collected at the point of activity. The administrative burden for the system is concentrated at the business entity level, which is equipped to handle such a burden. Finally, transactional taxes can be increased fairly easily compared to income taxes. Since transactional taxes are levied on a large base of activity, a small rate increase produces great impact. Income tax rates are already perceived to be high, and so tax increases are generally achieved by tuning exemptions, deductions and the like, a much more complicated process.

Brief Summary Text - BSTX (6):

The most common transactional tax is sales tax, levied on the purchaser of a non-exempt item, and collected by the seller at the point of sale. Sales taxes can be levied on both goods and services. The taxing authority defines the mix of exempt and non-exempt transactions to meet goals of equity and social policy.

Brief Summary Text - BSTX (10):

Perhaps the primary drawback of flat-rate transactional taxes is the lack of a flexible mechanism in their application to individual circumstances. The very simplicity that makes them administratively desirable has made them socially troublesome. This has been an impediment in instituting a U.S. transactional tax system, and has discouraged the states from relying on sales